




**NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)**

'22 JUL 14 A11 :08

SENATE

S.B. No. 590

RECEIVED BY: 

INTRODUCED BY SENATOR RISA HONTIVEROS

**AN ACT
PRIORITIZING DOMESTICALLY MANUFACTURED VEHICLES IN PUBLIC
PROCUREMENT**

EXPLANATORY NOTE

The automotive manufacturing sector is seen as one of the key sectors of the economy because of its strong backward linkages. Based on the 2012 input output table, a one peso increase in final demand for transport equipment yields, on top of direct expenditure, an additional 2.8 pesos increase in output of other sectors. Thus, an increase in demand for domestic manufacturing of automotive vehicles will spur new economic activities that will generate employment and income, apart from sustaining domestic car manufacturers and their workers.

The government has acknowledged the importance of the automotive manufacturing sector as a key sector of the economy. This is why in 2015, Executive Order No. 182, or the Comprehensive Automotive Resurgence Strategy Program (CARS), was promulgated to encourage the domestic manufacturing of motor vehicles, spur new economic activities, create employment, and build competitiveness of domestic industry.

Four years into the program, the domestic automotive manufacturing sector has shown some resurgence, but only for a short period. Unfortunately, the COVID pandemic has not spared the domestic automotive manufacturing sector with the lockdown deterring consumers from purchasing new vehicles. Changes in consumer behavior are expected to reduce the demand for, and hence, production of motor vehicles at least in the short run, as well as employment in the sector.

Government demand for automobiles can serve as stimulus to car manufacturing. In 2019, the government registered 16,443 new vehicles with the Land Transportation

Office, spending an estimated 8 billion pesos. Based on this figure, government purchases of new vehicles will produce an additional economic output of about 14 billion pesos because of multiplier effects, and a total of 14 thousand new jobs. However, this will only be possible if the government purchased vehicles manufactured domestically.

Hence, the immediate passage of this measure is earnestly sought.


RISA HONTIVEROS
Senator



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*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

1 Section 1. *Short Title.* - This Act be known as the "Domestic Vehicle
2 Procurement Act of 2021."

3 Sec. 2. *Declaration of Policy.* - The Constitution provides that the State shall
4 promote the preferential use of Filipino labor, domestic materials and locally produced
5 goods, and adopt measures that help make them competitive. Thus, it shall be the
6 policy of the State to prioritize domestically manufacture or produced vehicle in public
7 procurement.

8 Sec. 3. *Coverage.* - This Act shall apply to the procurement of vehicles by all
9 branches and instrumentalities of government, its departments, offices and agencies,
10 including government-owned and/or-controlled corporations and local government
11 units.

12 Sec. 4. *Prioritization of Domestically Manufactured Vehicles in Public*
13 *Procurement.* - In all public procurement involving the purchase of motor vehicles, the
14 government shall be required to procure only those manufactured domestically and,
15 also, in public procurement involving lease or rental of vehicles the government shall
16 be required to procure from service providers at least 50 percent of whose fleets are
17 composed of domestically-manufactured vehicles acquired in the five (5) years
18 preceding the date of procurement - unless no such vehicles meeting the required
19 specifications or possessing the required capabilities are manufactured or produced
20 within the Philippines.

21 Sec. 5. *Implementing Rules and Regulations.* - Within sixty (60) days from the
22 promulgation of this Act, the necessary rules and regulations for the proper
23 implementation of its provisions shall be formulated by the Department of Trade &

1 industry, Department of Budget & Management, and the Government Procurement
2 Policy Board.

3 Sec. 6. *Separability Clause.* - If any provision of this Act is declared
4 unconstitutional or invalid by a court of competent jurisdiction, the remaining provisions
5 not affected thereby shall continue to be in full force and effect.

6 Sec. 7. *Repealing Clause.* - All laws, decrees, executive orders, department or
7 memorandum orders and other administrative issuances or parts thereof which are
8 inconsistent with the provisions of this Act, are hereby modified, superseded or
9 repealed accordingly.

10 Sec. 8. *Effectivity.* - This Act shall take effect fifteen (15) days after publication
11 in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,